

Message Text

CONFIDENTIAL

PAGE 01 KATHMA 01053 140401 Z

62/20

ACTION NEA-12

INFO OCT-01 ADP-00 PM-09 INR-09 SS-14 T-03 RSR-01 RSC-01

INRE-00 /050 W

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P 120800 Z MAR 73

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC PRIORITY 4681

C O N F I D E N T I A L KATHMANDU 1053

STADIS//////////

NEA/ INS FOR SCHNEIDER FROM AMBASSADOR

E. O. 11652: GDS

TAGS: NP, PFOR, MASS

SUBJECT: FMS FOR NEPAL

1. I HAVE JUST LEARNED OF OUTRAGEOUS COST- OVERRUN ON ESTIMATES
FMS FOR NEPAL PRODUCED BY LOG REP DEGROOTE LAST SUMMER (I. E.
DOD CURRENT COST ESTIMATE IS DOLLARS 176 THOUSAND AS OPPOSED
DEGROOTE ESTIMATE OF DOLLARS 80 THOUSAND -- OVER 100 PERCENT) .
COL. HOLST, WHO IS REPORTING SEPARATELY ON THIS THROUGH HIS
CHANNELS,
TELLS ME RNA ORIGINALLY THOUGHT ITSELF PROVIDENT TO BUDGET
DOLLARS 120 THOUSAND FOR ENTIRE PURCHASE, NOW RELUCTANTLY OPTING
FOR REDUCED PURCHASES (PERHAPS ONLY DOLLARS 80 THOUSAND WORTH)
SINCE IT UNLIKELY OBTAIN ADDITIONAL FUNDS.

2. IF NOT RECTIFIED IN SOME WAY THIS SITUATION WILL
CONSTITUTE UNFORTUNATE SETBACK WHICH COULD HAVE SERIOUS
REPERCUSSIONS
AFFECTING OUR BILATERAL RELATIONSHIPS AS WELL AS TRADE POTENTIAL
HERE. WE ARE ADVISED, FOR EXAMPLE, THAT WHEN SIKORSKY
REPRESENTATIVE
LOPER SUGGESTED DURING RECENT DISCUSSIONS WITH RANKING RNA
OFFICERS THAT THEY SEEK HELICOPTERS UNDER FMS THESE OFFICERS
THREW UP THEIR HANDS AND SAID THAT WHILE GOI , UK AND PRC STAND
BY THEIR COMMITMENTS US, AS ILLUSTRATED BY DEALING WITH DEGROOTE,
RENEGES. SITUATION CASTS DOUBT ON OUR ABILITY MANAGE EVEN A
MINIMAL MILITARY RELATIONSHIP WITH NEPAL IN A WAY THAT ACTUALLY
PROMOTES OUR INTERESTS.
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3. REQUEST YOU REVIEW THIS MATTER WITH APPROPRIATE ISA COUNTER-
PARTS ASAP IN EFFORT FIND SOME WAY TO BRING FMS COST- OVERRUN
MORE IN LINE WITH DEGROOTE' S ORIGINAL ESTIMATE.
LAISE

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*** Current Handling Restrictions *** STADIS

*** Current Classification *** CONFIDENTIAL

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